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INFO RUEHFK/AMCONSUL FUKUOKA 9014
RUEHNH/AMCONSUL NAHA 1346
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RUEHKSO/AMCONSUL SAPPORO 9500
RHMCSUU/DEPT OF ENERGY WASHINGTON DC
RHEHAAA/NSC WASHDC
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C O N F I D E N T I A L SECTION 01 OF 02 TOKYO 000384

SIPDIS

TREASURY FOR FOSTER AND WINSHIP
STATE FOR E, EEB, EAP/J, OES
NSC FOR DANNY RUSSELL AND JIM LOI
USTR FOR AUSTR WCUTLER, MBEEMAN, AND DLEE
STATE PASS OSTP FOR JOAN ROLF

E.O. 12958: DECL: 02/22/2020

TAGS: [ECON](#) [EFIN](#) [ENRG](#) [JA](#) [PINR](#) [PREL](#) [SENV](#)

SUBJECT: DPJ'S SATOSHI ARAI SUGGESTS MAJOR U.S. - JAPAN
ECONOMIC COLLABORATION

REF: TOKYO 0077

Classified By: Ambassador John V. Roos, reasons 1.4 (b) and (d).

¶1. (C) Summary: In a recent meeting with the Ambassador, Special Advisor to the Prime Minister Satoshi Arai suggested that to counteract perceptions of bilateral tension from Futenma and Toyota issues, the U.S. and Japan should collaborate on major clean-technology projects perhaps in Asia. The Ambassador welcomed Arai's suggestion and the two agreed to form a study group of Embassy and government of Japan (GOJ) officials to further define areas of potential collaboration. Though somewhat vague on the specifics, Arai's political level enthusiasm was welcome, and could boost existing U.S.-Japan cooperation in science and technology on the list of DPJ's priorities. End Summary.

¶2. (C) In a February 22, meeting with the Ambassador, Satoshi Arai, Diet member and Special Advisor to the Prime Minister for issues related to the National Policy Unit, proposed the U.S. and Japan collaborate on a major green technology project or projects. Arai suggested smart-grids, cleaner-burning coal power plants, and CO2 reduction technologies as areas Japan and the U.S. could use their comparative advantages to work together on world class projects. He noted that Japan has extremely sophisticated coal-burning technology, and that 1.3 billion tons of CO2 could be removed from the atmosphere if there were global conversion to this technology. For example, on smart-grids, the U.S. had cutting edge software, and with Japan's cutting edge transmission and distribution technology--together we could build world-class smart-grids in Asia, Arai asserted.

¶3. (C) Arai and the Ambassador agreed to set up a study group of Embassy and government of Japan (GOJ) officials to further define possible areas of collaboration. Arai suggested that the Ministry of Economy Trade and Industry (METI) might best take the lead from Japan's side.

¶4. (C) Arai suggested that, much like during the Hosokawa administration, U.S. - Japan relations were going through a tense period. We need to emphasize the strong economic relationship, and that the overall relationship with the U.S. would not be adversely affected over the Futenma controversy. This had become even more important since the Toyota recall because the perception that there were also problems with the economic relationship with the U.S. were growing.

¶5. (C) Arai said that confronting Japan's various economic problems, including deflation, would require closer relations with emerging Asian economies, but that Japan would implement its Asian policies taking into account relations with the U.S. He suggested the U.S. and Japan should look toward implementing aforementioned joint projects in Asia.

¶6. (C) The Ambassador acknowledged that issues were emerging as a result of the Toyota recall, but that this would have no impact on overall U.S. relations with Japan. He said if our two countries could come out of present difficulties with elements of good cooperation, we could use the present circumstances as an impetus to strengthen bilateral relations. He said the U.S. viewed closer ties between Japan and Asia as clearly positive, and that Arai's suggestion for the U.S. and Japan to engage in a major cooperative effort in science and technology as an excellent idea.

COMMENT:

¶7. (C) Although somewhat vague on the specifics, coming from a senior Democratic Party of Japan (DPJ) politician, Arai's direct suggestion that the U.S. and Japan should work together on joint economic projects to reinforce the broader relationship, and counteract perceptions of bilateral tension from the Futenma and Toyota issues was welcome. That Arai incorporated working together to deepen economic relations with Asia made it even more so. Though he is Deputy Prime Minister Naoto Kan's close advisor, and an architect of the

TOKYO 00000384 002 OF 002

DPJ's recently issued growth strategy, "Toward a Shining Japan" (Reftel) which featured promoting green-technology, METI officials would likely take the lead on day-to-day collaboration efforts. Arai's suggestion dovetails well with existing collaboration efforts, notably the new Clean Technologies Action Plan to expand U.S. - Japan cooperation on clean energy technology that was launched during President Obama's November 2009 visit to Tokyo. President Obama's Science Advisor Dr. John Holdren, who will visit Japan in June 2010, has the lead U.S. role in the U.S.-Japan High-level Committee on Science and Technology. In addition, the Prefecture of Okinawa and the State of Hawaii have established a Partnership on Clean and Efficient Energy Development and Deployment. Arai's enthusiasm for this type of collaboration could elevate its overall importance in the DPJ's list of priorities, lending valuable political level support, and we will follow-up by forming the study group and encouraging Arai's continued engagement.

ROOS